
SENATE CONCURRENT RESOLUTION

REQUESTING THE AUDITOR TO CONDUCT A COMPREHENSIVE MANAGEMENT
AUDIT OF THE PUBLIC UTILITIES COMMISSION.

1 WHEREAS, the Public Utilities Commission is empowered and
2 mandated to provide effective, proactive, and informed oversight
3 of public utilities, including electric, telephone, and gas
4 companies; sewer and water companies; interisland water
5 carriers; and motor carriers, all of which provide services that
6 are essential to the public interest of the State; and
7

8 WHEREAS, as part of the Public Utilities Commission's duty
9 to protect the public interest, and as an important element of
10 Hawaii's utility and transportation infrastructure, the Public
11 Utilities Commission should direct and support the efforts of
12 public utilities to be strategically and structurally in line
13 with the State's long-term environmental and economic goals; and
14

15 WHEREAS, the Public Utilities Commission is also expected
16 to balance the oversight of regulated utility companies to
17 ensure these companies efficiently and safely provide their
18 customers with adequate and reliable services at just and
19 reasonable rates, while also providing regulated companies with
20 a fair opportunity to earn a reasonable rate of return; and
21

22 WHEREAS, on multiple occasions over the last forty years,
23 the Auditor of the State of Hawaii has conducted management
24 audits of the Public Utilities Commission and has consistently
25 found serious and pervasive problems with staffing, management,
26 and planning; and
27

28 WHEREAS, the Auditor has not yet completed an audit where
29 it found these problems have been systematically and effectively
30 addressed; and
31



1 WHEREAS, the initial audit, conducted in 1975 and published
2 in three volumes as Auditor's Report Nos. 75-3, 75-4, and 75-6,
3 found considerable confusion within the Public Utilities
4 Commission regarding staffing, roles, regulations, and the
5 relevant law; and
6

7 WHEREAS, the next management audit, conducted in 1989 and
8 published as Auditor's Report No. 89-17, found that "many of the
9 deficiencies [the Auditor] found 13 years ago still exist"
10 within the Commission and that the Commission needed to take "a
11 more balanced approach to its adjudicatory, policymaking, and
12 enforcement responsibilities", among other concerns; and
13

14 WHEREAS, in Auditor's Report No. 04-02, the most recent
15 management audit of the Public Utilities Commission, the Auditor
16 found that many problems, first identified more than three
17 decades earlier, continue to plague the Commission and that the
18 Commission and the Division of Consumer Advocacy of the
19 Department of Commerce and Consumer Affairs "are hard pressed to
20 devote time and personnel required to strategically plan for
21 desired results; consequently, program and activity plans are
22 allowed to drift without direction"; and
23

24 WHEREAS, although the Public Utilities Commission and the
25 Division of Consumer Advocacy are separate agencies with
26 distinct, statutorily-designated powers, duties, and
27 obligations, Auditor's Report No. 04-02 also noted that the
28 Division of Consumer Advocacy was included in the management
29 audit because it "represent[ed] the interests of all consumers
30 of utility services"; and
31

32 WHEREAS, the Legislature concludes that it is in the public
33 interest to evaluate the efficiency and effectiveness of the
34 Public Utilities Commission to ensure the Commission is:
35 appropriately balancing the needs of utility customers with the
36 ability of regulated companies to earn a reasonable rate of
37 return; strategically planning for desired results relating to
38 utility services and investment; managing the performance,
39 professionalism, and conduct of the Commission's operations,
40 employees, and financial resources; properly executing its
41 statutory mandates; and otherwise adjusting to and meeting the



1 challenges of an evolving economic, technological,
2 environmental, and regulatory landscape; now, therefore,

3
4 BE IT RESOLVED by the Senate of the Twenty-ninth
5 Legislature of the State of Hawaii, Regular Session of 2017, the
6 House of Representatives concurring, that the Auditor is
7 requested to conduct a comprehensive management audit of the
8 Public Utilities Commission, including but not limited to the:

- 9
- 10 (1) Appropriateness and applicability of current utility
- 11 legislation;
- 12
- 13 (2) Adequacy of current Public Utilities Commission
- 14 policies, rules, procedures, and strategic plan;
- 15
- 16 (3) Management of the Public Utilities Commission's
- 17 ability to provide technical and analytical staff
- 18 support in case management, enforcement of the
- 19 Commission's rules, and overall ability to meet the
- 20 Commission's mission and statutory obligations; and
- 21
- 22 (4) Effectiveness of the Public Utilities Commission in
- 23 dealing with energy and other utility issues; and
- 24

25 BE IT FURTHER RESOLVED that the Auditor is requested to
26 examine the role of the Division of Consumer Advocacy to
27 represent, protect, and advance the interests of consumers in
28 proceedings before the Public Utilities Commission; and

29
30 BE IT FURTHER RESOLVED that the Auditor is requested to
31 seek input from the State Energy Office on policy matters
32 associated with the management audit; and

33
34 BE IT FURTHER RESOLVED that the Public Utilities Commission
35 and the Division of Consumer Advocacy are requested to cooperate
36 with and assist the Auditor in the performance of the management
37 audit; and

38
39 BE IT FURTHER RESOLVED that the Auditor is requested to
40 submit a report of findings and recommendations to the
41 Legislature, including any proposed legislation, no later than



1 twenty days prior to the convening of the Regular Session of
2 2018; and

3
4 BE IT FURTHER RESOLVED that certified copies of this
5 Concurrent Resolution be transmitted to the Governor, Auditor,
6 Director of Commerce and Consumer Affairs, Chairperson of the
7 Public Utilities Commission, and Executive Director of the
8 Division of Consumer Advocacy.

